

ASSEMBLY BILL

No. 612

Introduced by Assembly Member Gordon

February 16, 2011

An act to amend Section 5544.2 of the Public Resources Code, relating to parks and recreation.

LEGISLATIVE COUNSEL'S DIGEST

AB 612, as introduced, Gordon. Parks and recreation: districts: repayment of indebtedness.

Existing law provides for the creation and powers and duties of regional park districts, regional park and open-space districts, and regional open-space districts. Existing law authorizes those districts to acquire all necessary and proper lands and facilities by means of a plan to borrow money or by purchase on contract. Existing law requires indebtedness that is incurred in that manner to bear interest at a rate not exceeding 10% per annum, or if higher, not exceeding the rate provided under provisions governing issuance of local general obligation bonds. Under existing law, indebtedness that is incurred in that manner on or after July 1, 1982, is generally required to be repaid during a period that does not exceed 20 years from the date on which it is incurred. Certain indebtedness incurred in that manner by the East Bay Regional Park District is required to be repaid in a period that does not exceed 30 years.

This bill would require indebtedness that is incurred in that manner by the East Bay Regional Park District or the Midpeninsula Regional Open Space District, on or after January 1, 2012, to be repaid during a period that does not exceed 30 years. The bill would make conforming changes.

The bill would modify the rate at which any indebtedness incurred in that manner is required to bear interest by deleting the requirement that it not exceed 10% per annum, and instead authorizing a rate not exceeding the rate allowable under provisions governing issuance of local general obligation bonds.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5544.2 of the Public Resources Code is
2 amended to read:
3 5544.2. (a) A district may acquire all necessary and proper
4 lands and facilities, or any portion thereof, by means of a plan to
5 borrow money or by purchase on contract.
6 (b) *The amount of indebtedness to be incurred shall not exceed*
7 *an amount equal to the anticipated property tax revenue allocations*
8 *for the next five-year period derived pursuant to Chapter 6*
9 *(commencing with Section 95) of Part 0.5 of Division 1 of the*
10 *Revenue and Taxation Code or the anticipated tax income derived*
11 *pursuant to Section 50077 of the Government Code, or both. The*
12 *time period to repay the indebtedness shall not exceed the*
13 *applicable time period provided in subdivision (c) or (d).*
14 (c) *All indebtedness that is incurred on or after July 1, 1982,*
15 *pursuant to this section shall be repaid during a period not to*
16 *exceed 20 years from the date on which it is incurred and shall*
17 *bear interest at the rate allowed pursuant to Section 53531 of the*
18 *Government Code, payable annually or semiannually or in part*
19 *annually and in part semiannually. Notwithstanding any other*
20 *provision of this section, with respect to the East Bay Regional*
21 *Park District only, all indebtedness incurred pursuant to this*
22 *section for acquisition of lands and facilities designated in the*
23 *district's master plan, including the Chabot Ridgeland, shall be*
24 *repaid during a period not to exceed 30 years and at a rate not*
25 *exceeding the rate allowed in this section for other districts. All*
26 *other acquisitions of land and facilities by the East Bay Regional*
27 *Park District not designated in the master plan are subject to the*
28 *20-year repayment period limitation of this section.*
29 (d) *Notwithstanding subdivision (c), all indebtedness that is*
30 *incurred by the East Bay Regional Park District or the*

Midpeninsula Regional Open Space District, on or after January 1, 2012, pursuant to this section, shall be repaid during a period not to exceed 30 years from the date on which it is incurred and shall bear interest at the rate allowed pursuant to Section 53531 of the Government Code, payable annually or semiannually or in part annually and in part semiannually.

~~(b) The amount of indebtedness to be incurred shall not exceed an amount equal to the anticipated property tax revenue allocations for the next five-year period derived pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code or the anticipated tax income for the next 20-year period derived pursuant to Section 50077 of the Government Code, or both. All indebtedness which is incurred on or after July 1, 1982, pursuant to this section shall be repaid during a period not to exceed 20 years from the date on which it is incurred and shall bear interest at a rate not exceeding 10 percent per annum, or the rate allowed pursuant to Section 53531 of the Government Code, if higher, payable annually or semiannually or in part annually and in part semiannually. Notwithstanding any other provision of this section, with respect to the East Bay Regional Park District only, all indebtedness incurred pursuant to this section for acquisition of lands and facilities designated in the district's master plan, including the Chabot Ridgeland, shall be repaid during a period not to exceed 30 years and at a rate not exceeding the rate allowed in this section for other districts. All other acquisitions of land and facilities by the East Bay Regional Park District not designated in the master plan are subject to the 20-year repayment period limitation of this section. Each~~

(e) Each indebtedness shall be authorized by a resolution adopted by the affirmative votes of at least two-thirds of the members of the district board, shall be evidenced by a promissory note or contract signed by the president of the board and attested by the secretary or treasurer, and shall be sold at not less than 95 percent of the principal amount in the manner determined by the board at a discount ~~which~~ *that* equals the underwriter's spread. The board shall determine that the discount reflects an underwriter's spread ~~which~~ *that* is both reasonable and customary under the prevailing market conditions. One of the two signatures may be by facsimile reproduction. At the time of making the general tax levy after incurring each indebtedness and annually

1 thereafter until the indebtedness is paid or until there is a sum in
2 the treasury set apart for that purpose sufficient to meet all
3 payments of principal and interest on the indebtedness as they
4 become due, a portion of the taxes levied and collected pursuant
5 to Section 50077 of the Government Code, if any, shall be levied
6 and collected and set aside sufficient to pay the interest on the
7 indebtedness and the part of the principal that will become due
8 before the proceeds of a tax levied at the next general tax levy will
9 be available.

10 (e)

11 (f) The indebtedness authorized to be incurred by this section
12 shall be in addition to, and ~~the provisions of~~ this section shall not
13 apply to, any bonded indebtedness authorized by vote of the
14 electors.

15 SEC. 2. The Legislature finds and declares that a special law
16 is necessary and that a general law cannot be made applicable
17 within the meaning of Section 16 of Article IV of the California
18 Constitution because of the high cost of land in the San Francisco
19 Bay area and the financial situation of the districts affected by this
20 act.